

Message Text

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ACTION EB-08

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FM AMEMBASSY ABIDJAN
TO SECSTATE WASHDC PRIORITY 9956
DEPT OF TREASURY WASHDC PRIORITY
AMEMBASSY LILONGWE PRIORITY

UNCLAS SECTION 1 OF 2 ABIDJAN 7554

E.O. 11652: N/A
TAGS: AFDF, EAID, EFIN
SUBJECT: AFRICAN DEVELOPMENT FUND LENDING TO MALAWI

REF: STATE 197528

1. THIS IS IN RESPONSE TO REQUEST FOR INFORMATION ABOUT AFDF PROJECTS IN MALAWI PER REFTEL. THE AFRICAN DEVELOPMENT FUND HAS MADE FOUR LOANS TO MALAWI TOTALING 15.68 MILLION FUND UNITS OF ACCOUNT (FUA EQUAL TO US \$1.11) THE LOANS ARE AS FOLLOWS: A) FEASIBILITY AND ENGINEERING STUDIES ON MZUZU-MUHUJU ROAD, FUA 680 THOUSAND, APPROVED APRIL 30, 1975; B) NAMWERA RURAL DEVELOPMENT PROJECT, FUA 5.0 MILLION, APPROVED OCTOBER 26, 1976; C) DISTRICTS WATER SUPPLY PROJECT, FUA 5.0 MILLION, APPROVED DECEMBER 14, 1976; AND D) BLANTYRE WATER SUPPLY PROJECT, FUA 5.0 MILLION, APPROVED SEPTEMBER 19, 1977.

2. FEASIBILITY AND ENGINEERING STUDY OF THE MZUZU-MUHUJU ROAD: THIS STUDY WAS UNDERTAKEN AS PART OF THE GOVERNMENT'S EFFORT TO IMPROVE THE COUNTRY'S NORTH-SOUTH TRUNK ROAD NETWORK. THE MZUZU-MUHUJU AXIS IS CONSIDERED CRITICAL MISSING LINK IN THE ROAD SYSTEM
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LINKING THE MAJOR REGIONS OF THE COUNTRY. THE AFDF SPONSORED CONTRACT TO CONDUCT STUDY WAS AWARDED TO THE BRITISH FIRM OF SCOTT WILSON AND KIRKPATRICK IN MAY, 1976 AND THE STUDY WAS COMPLETED IN SEPTEMBER 1977. THE COST OF THE STUDY WAS SIGNIFICANTLY LESS THAN ORIGINAL ESTIMATES, AMOUNTING TO ONLY FUA 300 THOUSAND. THE AFDF PIPLINE CONTAINS A PROJECT FOR ACTUAL CONSTRUCTION OF THE ROAD. PROJECT IS EXPECTED TO BE BROUGHT BEFORE THE BOARD OF

DIRECTORS IN EARLY 1979.

3. NAMWERA RURAL DEVELOPMENT PROJECT: THIS IS A FIVE-YEAR RURAL DEVELOPMENT PROGRAM DESIGNED TO INCREASE AGRICULTURAL PRODUCTION IN THE NAMWERA AREA IN THE SOUTHWESTERN REGION OF THE COUNTRY THROUGH EXTENSION AND TRAINING SERVICES AND THE PROVISION OF FARM INPUTS. THE PROJECT INCLUDES ABOUT 9,200 INDIVIDUALLY OWNED FARMS COVERING 13 THOUSAND HA. THE PROJECT ALSO INCLUDES THE IMPROVEMENT OF BASIC SOCIAL SERVICES AND INFRASTRUCTURE IN THE AREA. MAJOR COMPONENTS OF PROJECT INCLUDE FARM DEVELOPMENT, PROVISION OF CREDIT, EXPANSION OF TRAINING FACILITIES FOR FARMERS AND OXEN, PROMOTION OF TREE PLANTING, IMPROVEMENT OF WATER SUPPLY INCLUDING DRILLING OF 35 BOREHOLES, PROVISION OF HEALTH SERVICES, CONSTRUCTION OF A 30 KM LONG MAIN ROAD AND FEEDER ROADS AS WELL AS DEVELOPMENT OF ROAD CONSTRUCTION AND MAINTENANCE UNITS, AND DEVELOPMENT OF MARKETING CENTERS AND SCHEMES. THE PROGRESS SO FAR ACHIEVED IN THIS PROJECT IS IMPRESSIVE. ALL CONTRACTS UNDER THE PROJECT HAVE BEEN AWARDED WITH THE EXCEPTION OF THE CONTRACT FOR THE PRINCIPAL ROAD. TWENTY-THREE OF THE 35 BOREHOLES HAVE BEEN COMPLETED. PURCHASE ORDERS FOR PROJECT ROLLING STOCK HAVE BEEN PLACED AND DELIVERIES HAVE BEGUN. OF THE 73 PERSONNEL POSITIONS ESTABLISHED TO IMPLEMENT THE PROJECT, 45 HAVE BEEN FILLED. THE AFFORESTATION PROGRAM IS IN PROGRESS WITH 12 THOUSAND SEEDLINGS ALREADY PLANTED. SIXTY VILLAGES HAVE BEEN EARMARKED TO PLANT VILLAGE WOODLOTS ON A COMMUNAL BASIS AND THE PLANTING IS WELL UNDER WAY IN MANY. TOBACCO HAS BEEN INTRODUCED IN THE AREA AND 139 FARMERS HAVE REGIS-

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TERED TO GROW THE CROP. THIRTY-SIX MILES OF FEEDER AND ACCESS ROADS HAVE BEEN CONSTRUCTED. CREDIT TOTALING FUA 113 THOUSAND HAS BEEN EXTENDED TO 134 CREDIT GROUPS WITH A TOTAL MEMBERSHIP OF 2,523. THE PROJECT IS EXPECTED TO BE IMPLEMENTED ACCORDING TO THE ORIGINAL SCHEDULE WITH COMPLETION SCHEDULED FOR 1982.

COMMENT: U.S. ALTERNATE EXECUTIVE DIRECTOR CONSIDERS NAMWERA PROJECT TO BE ONE OF AFDF'S BEST IN TERMS OF DESIGN, EXECUTION, AND OFFERING DIRECT ASSISTANCE TO THE POOR AND THEREFORE ENCOURAGES INSPECTION TEAM TO VISIT THIS PROJECT. HOWEVER, SINCE NAMWERA PROJECT IS SOMEWHAT INCONVENIENTLY LOCATED, IT SEEMS LIKELY THAT INSPECTION TEAM MAY OPT TO BYPASS NAMWERA PROJECT AND INSTEAD CONCENTRATE ON IDA FINANCED LILONGWE DEVELOPMENT SCHEME AS EXAMPLE OF INTEGRATED RURAL DEVELOPMENT PROGRAM. IF THIS IS THE CASE, WOULD APPRECIATE EMBASSY ENSURING THAT AFDF PROJECT IS COVERED DURING BRIEFINGS ON LILONGWE PROJECT.

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4. DISTRICTS WATER SUPPLY: A DISTRICT CENTER IS A SMALL TOWN WHICH EXISTS PRIMARILY FOR ADMINISTRATIVE PURPOSES OR A COMMERCIAL OR MARKET FACILITY SERVING THE SURROUNDING RURAL POPULATION. THE AFDF FINANCED PROJECT IS PART OF A GOVERNMENT PROGRAM, BEGUN IN 1971, TO IMPROVE THE WATER SUPPLY TO 42 OF THE COUNTRY'S DISTRICT CENTERS DISBURSED THROUGHOUT THE THREE MAJOR REGIONS OF THE COUNTRY. THE AFDF PROJECT PROVIDES FOR EXPANSION AND UPGRADING OF THE WATER SUPPLY SYSTEMS AT 30 DISTRICT CENTERS, THREE FORESTRY STATIONS AND THREE NATIONAL PARK CENTERS. IT PROVIDES FOR CONSTRUCTION OF FOUR NEW SYSTEMS AT TWO CENTERS AND TWO FORESTRY STATIONS, AND ENGINEERING DESIGN AND SUPERVISION OF CONSTRUCTION AT 14 OF THE CENTERS. THE AFDF LOAN ALSO PROVIDES FOR VEHICLES AND TECHNICAL ASSISTANCE TO THE WATER DEPARTMENT OF THE MINISTRY OF PUBLIC WORKS. THE DESIGN WORK FOR THE WATER SUPPLY SCHEME IS NOW BEING CARRIED OUT UNDER SUPERVISION OF THE MINISTRY OF PUBLIC WORKS. CONTRACTS HAVE BEEN AWARDED FOR ENGINEERING CONSULTANCY SERVICES RELATED TO THIRTEEN SCHEMES. UNDER THE PROJECT, A CONTRACT HAS BEEN AWARDED TO PRICE WATERHOUSE TO ASSIST IN THE REDESIGN OF THE WATER DEPARTMENT'S ACCOUNTING PROCEDURES. PROGRESS IN THIS AREA IS PROCEEDING WELL. CONTRACTS HAVE YET TO BE AWARDED FOR CONSTRUCTION SUPPLIES AND EQUIPMENT, BUT TENDERS ARE EXPECTED TO BE DISTRIBUTED THIS

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MONTH. DESIGN WORK FOR THE PROJECT IS CURRENTLY ABOUT THREE MONTHS BEHIND SCHEDULE DUE TO DELAYS IN HIRING QUALIFIED TECHNICAL PERSONNEL. THE OVERALL PROGRESS OF PROJECT EXECUTION IS, HOWEVER, SATISFACTORY WITH COMPLETION EXPECTED IN JUNE 1980.

5. BLANTYRE WATER SUPPLY PROJECT: THIS PROJECT IS FOR EXPANSION OF THE WATER SUPPLY SYSTEM OF BLANTYRE. THE TOTAL COST OF THE PROJECT IS FUA 15.2 MILLION AND IS BEING CO-FINANCED BY THE AFDF, IDA, COMMONWEALTH DEVELOPMENT CORPORATION AND GOM. THE PROJECT IS THE FIFTH PHASE OF BLANTYRE WATER BOARD'S PROGRAM FOR THE ABSTRACTION OF WATER FROM THE SHIRE RIVER AT WALKER'S FERRY TREATMENT PLANT, AND SUBSEQUENT TRANSPORT TO BLANTYRE THROUGH A 22-MILE LONG PIPELINE. PRINCIPAL COMPONENTS INCLUDE: A) MODIFICATION OF EXISTING INTAKE FACILITIES AND TREATMENT PLANT; B) CONSTRUCTION OF NEW BOOSTER STATION AND BALANCING TANKS; C) REPLACEMENT OF 15 THOUSAND FEET OF EXISTING MAINS AND LAYING OF 182 THOUSAND FEET OF NEW DISTRIBUTION MAINS AND D) TECHNICAL ASSISTANCE, CONSULTANCY AND DESIGN SERVICES. CONSTRUCTION ON EARLIER PHASES OF THE OVERALL PROJECT IS CONTINUING SATISFACTORILY. CONDITIONS OF THE LOAN HAVE BEEN FULFILLED AND THE AFDF LOAN BECAME FULLY EFFECTIVE IN MAY, 1978 ALONG WITH THOSE OF IDA AND CDC. FIVE OFFICERS OF THE BLANTYRE WATER BOARD HAVE BEEN SELECTED FOR PROFESSIONAL TRAINING ABROAD UNDER THE PROVISIONS OF THE CURRENT PROJECT. THE EXECUTING AGENCY IS IN THE PROCESS OF PREPARING BID PACKAGES FOR PROJECT EXECUTION. THIS PROJECT IS PROCEEDING ON SCHEDULE UNDER SUPERVISION OF WELL ORGANIZED AND TECHNICALLY COMPETENT EXECUTING AGENCY, BLANTYRE WATER BOARD.

6. COMMENT: THE THREE AFDF FINANCED PROJECTS IN MALAWI ARE PROGRESSING WELL UNDER COMPETENT AND DEDICATED MANAGEMENT. IN COMPARATIVE TERMS, AFDF PARTICIPATION IN THESE THREE PROJECTS REPRESENTS A MODEST INVESTMENT IN THE COUNTRY'S DEVELOPMENT EFFORT. HOWEVER, THE POTENTIAL BENEFITS OF THE PROJECTS ARE SIGNIFICANT
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AND ARE EXPECTED TO EXTEND TO UPWARDS OF 350 THOUSAND PEOPLE. THE NAMWERA PROJECT WITH A TOTAL COST OF FUA 5.5 MILLION IS EXPECTED TO OFFER DIRECT BENEFIT TO 9,200 FARM FAMILIES. THE DISTRICTS WATER SUPPLY PROJECT WILL PROVIDE A SANITARY WATER SUPPLY TO 160 THOUSAND PEOPLE, AND THE BLANTYRE WATER PROJECT WILL EXTEND SERVICE TO AN ADDITIONAL 147 THOUSAND PEOPLE, INCLUDING PERHAPS 40 THOUSAND SQUATTERS WHO HAVE PREVIOUSLY BEEN DENIED SERVICE.
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